

Message Text

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ACTION IO-14

INFO OCT-01 AGR-20 RSC-01 AID-20 EB-11 IOE-00 COME-00

ISO-00 AF-10 ARA-16 EA-11 EUR-25 NEA-10 OMB-01 ABF-01

TRSE-00 SS-20 NSC-10 L-03 DRC-01 SSO-00 NSCE-00

CIAE-00 INR-10 NSAE-00 INRE-00 USIE-00 PA-04 PRS-01

OIC-04 /194 W

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FODAG

E.O. 11652: N/A

TAGS: ORG, FAO

SUBJECT: FAO BUDGET LEVEL

FROM US DEL TO FAO CONFERENCE

REF: STATE 226770

1. SUMMARY: MEETING NOV 19 WITH SELECTED GG COUNTRIES REVEALED THERE NO WILLINGNESS TO VOTE FOR US PROPOSED BUDGET AMENDMENT. ALTERNATIVE SUGGESTED BY UK HAS CHANCE OF SUCCESS.

2. COMMISSION II BEGAN CHAPTER BY CHAPTER CONSIDERATION PROGRAM OF WORK AND BUDGET NOV 19. CONSIDERATION OVERALL BUDGET LEVEL MOST LIKELY TAKE PLACE AFTERNOON NOV 21.

3. AT US SUGGESTION, SMALL GROUP GG DELS (UK, FRG, FRANCE, CANADA, AND US) MET NOV 19 TO HEAR US PLANS AND DECIDE WHETHER UK SHOULD CALL FULL GG MEETING TO CONSIDER NEXT STEP ON BUDGET LEVEL. US
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(MILLS) LED OFF BY SAYING HE WOULD COME STRAIGHT TO THE POINT -

US DEL HAD INSTRUCTIONS TO PROPOSE AMENDMENT TO DRAFT RESOLUTION ON BUDGET AT \$105.2 LEVEL PLUS WFC COSTS. SINCE THIS CORRESPONDED TO GG CONSENSUS ON BUDGET LEVEL, WHICH MOST OF THEM HAD SUPPORTED, US DEL MUST BE ASSURED THEY WOULD (1) SUPPORT US IN THEIR STATEMENTS, (2) VOTE FOR US AMENDMENT. AFTER SOME HESITATION BY GROUP IN REPLYING, UK DEL SAID ANSWER TO (1) WAS YES; ANSWER TO (2) WAS NO. SURPRISINGLY, IN VIEW PREVIOUS HARDLINE UK HAD TAKEN, HE SAID PROGRAM INCREASE WAS MODERATE AND DREW FAVORABLE COMPARISON FAO OVER UNESCO BUDGET INCREASE. CANADA GAVE SAME ANSWER, SAYING HE MIGHT NOT BE ABLE JUST TO ABSTAIN, BUT MIGHT FEEL COMPELLED TO VOTE AGAINST US AMENDMENT. FURTHERMORE, HE SAID HIS DEL HAD THOUGHT THROUGH \$1 MILLION ADD-ON FOR TRANSFER UNDP FINANCED POSTS TO REGULAR BUDGET AND WAS NOW SUPPORTING IT. AUSTRALIA SAID IT WAS OPPOSED TO ANY PROGRAM CUT, EXPLICIT OR IMPLIED, AND WOULD NOT VOTE FOR AMENDMENT. FRG SAID THEIR STATEMENT AGAINST BUDGET LEVEL WOULD BE FIRM AS IN THE COUNCIL, BUT FRG COULD NOT VOTE FOR US AMENDMENT. HE AGAIN MENTIONED MARK REVALUATION AS WEAKENING FRG STAND AGAINST BUDGET LEVEL AND SUGGESTED US POSITION ALSO WEAKENED BY 25 PERCENT ISSUE. HE SAID HE BELIEVED US POSITION UNWISE. FRENCH DEL SAID LITTLE. ASSESSMENT BASED ON CANVAS OTHER DELS (GENERALLY CONFIRMED BY US SOUNDINGS) WAS THAT NO MEMBERS (WITH POSSIBLE EXCEPTION SOME EE'S) WOULD VOTE WITH US, EVEN AMONG OTHER GG COUNTRIES.

4. US DEL THEN SAID ONE PURPOSE OF HIS INSTRUCTIONS WAS TO TEST GG RESOLVE ON BUDGET MATTERS. UK DEL THEN SUGGESTED THERE ONE APPROACH WHICH GG MIGHT BACK AND WHICH HE BELIVED HAD GOOD POSSIBILITY SUCCEEDING. HE SUGGESTED CALCULATING BUDGET AT CURRENT LIRA/DOLLAR RATE (RECENTLY ABOUT 590). THIS WOULD WIPE OUT \$1.19 MILLION ADD-ON FOR RECALCULATION OF LIRA RATE AT 563, RATHER THAN 582, PLUS ABOUT \$600,000 FOR INCREASE ABOVE 582. THIS WOULD LOWER BUDGET LEVEL TO ABOUT \$106.7 MILLION, PLUS WFC ADD-ON. THIS MIGHT BE COMBINED, HE SAID, WITH OPPOSITION TO INCREASE IN PROPOSED SUSPENSE ACCOUNT FROM \$4 MILLION TO \$5.6 MILLION. HE SAID SOUNDINGS (AND THOSE OF US) INDICATE THAT DG WOULD AGREE TO RECALCULATION OF EXCHANGE RATE ALONG THESE LINES. GROUP AGREED THAT THIS APPROACH WOULD BE SUGGESTED AT GG MEETING NOV 20. UK AGREED TO TAKE LEAD. IF THERE GENERAL AGREEMENT, GG REPS WOULD APPROACH SECRETARIAT WITH THIS PROPOSAL.

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5. COMMENT: IT OBVIOUS THAT HARD CORE GG DELS PRESENT AT NOV 19 MEETING MAKES SHARP DISTINCTION BETWEEN RAISING SUPPORT FOR LOWER BUDGET LEVEL AND VOTING FOR IT, EVEN IF ANOTHER COUNTRY WILLING TAKE LEAD. SUPPORT GG DELS FOR FIRM LINE ON BUDGET THEREFORE ILLUSORY UNLESS THEY SEE REASONABLE PROSPECT OF SUCCESS OR SAFETY IN NUMBERS.

6. USDEL RECOMMENDS DEPT CONSIDER PROPOSAL PARA 4 AS ALTERNATIVE

FOR ATTEMPT TO MAINTAIN LINE ON \$105.2 MILLION BUDGET LEVEL. US ISOLATION ON VOTE FOR AMENDMENT WOULD ONLY EXPOSE LACK OF SUPPORT FOR US AND SOMEWHAT OFFSET BENEFIT US HAS GAINED IN EYES FAO MEMBERS THROUGH WFC PROPOSAL. DEPT WELL AWARE OTHER RISKS INVOLVED.

7. IF DEPT NOT PREPARED ACCEPT RECOMMENDATION PARA 6, SUGGEST INSTRUCTION BE ALTERED SO AS NOT TO REQUIRE THAT USDEL PROPOSE AMENDMENT AND CALL FOR IMMEDIATE VOTE. IF THERE NO FLEXIBILITY ON BUDGET LEVEL, BELIEVE US INTERESTS WOULD BE BETTER SERVED BY SIMPLY ANNOUNCING OUR UNWILLINGNESS TO SUPPORT BUDGET LEVEL AND VOTING AGAINST IT.

8. ANY FURTHER INSTRUCTIONS MUST BE RECEIVED BY USDEL NO LATER THAN 0800 HOURS LOCAL TIME, NOV 21. VOLPE

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